

MINUTES OF THE
MAG MANAGEMENT COMMITTEE MEETING
April 8, 2015
MAG Office, Saguaro Room
Phoenix, Arizona

MEMBERS ATTENDING

Christopher Brady, Mesa, Chair	Gregory Rose, City of Maricopa
Sonny Culbreth for Darryl Crossman, Litchfield Park	Kevin Burke, Paradise Valley
# Matt Busby for George Hoffman, Apache Junction	Susan Daluddung for Carl Swenson, Peoria
David Fitzhugh, Avondale	Thomas Remes for Ed Zuercher, Phoenix
Stephen Cleveland, Buckeye	Louis Andersen for Greg Stanley, Pinal County
Gary Neiss, Carefree	John Kross, Queen Creek
Peter Jankowski, Cave Creek	* Bryan Meyers, Salt River Pima-Maricopa Indian Community
Marsha Reed for Rich Dlugas, Chandler	Brad Lundahl for Fritz Behring, Scottsdale
Dr. Spencer Isom, El Mirage	Bob Wingenroth, Surprise
# Charles Montoya, Florence	Andrew Ching, Tempe
Alfonso Rodriguez for Phil Dorchester, Fort McDowell Yavapai Nation	# Chris Hagen for Reyes Medrano, Tolleson
Ken Buchanan, Fountain Hills	Joshua Wright, Wickenburg
Ernest Rubi, Gila Bend	Jeanne Blackman, Youngtown
* Tina Notah, Gila River Indian Community	Sintra Hoffman for John Halikowski, ADOT
Patrick Banger, Gilbert	Joy Rich for Tom Manos, Maricopa County
Jenna Goad for Dick Bowers, Glendale	* Steve Banta, Valley Metro/RPTA
Brian Dalke, Goodyear	
# Rosemary Arellano, Guadalupe	

* Those members neither present nor represented by proxy.

Participated by telephone conference call. + Participated by videoconference call.

1. Call to Order

The meeting of the MAG Management Committee was called to order by Chair Brady, Mesa, at 12:00 p.m.

2. Pledge of Allegiance

The Pledge of Allegiance was recited.

Ms. Rosemary Arellano, Mr. Charles Montoya, Mr. Louis Anderson, Mr. Matt Busby, and Ms. Chris Hagen joined the meeting via teleconference.

Chair Brady announced that public comment cards were available to members of the public who wish to comment on items for action or under MAG's jurisdiction.

Chair Brady stated that parking validation was available for those who parked in the MAG parking garage and transit tickets were available for those who purchased transit tickets to come to the meeting. Hearing assisted devices were available from MAG staff.

Chair Brady noted that the addendum to the agenda, item #12, was at each place. The addendum had been transmitted previously.

3. Call to the Audience

Chair Brady stated that Call to the Audience provides an opportunity to the public to address the Management Committee on items that are not on the agenda that are within the jurisdiction of MAG, or non-action agenda items that are on the agenda for discussion or information only. Those wishing to comment on agenda items posted for action will be provided the opportunity at the time the item is heard. Public comments have a three minute time limit. A total of 15 minutes will be provided for the Call to the Audience agenda item, unless the committee requests an exception to this limit.

Chair Brady recognized public comment from Mr. Marvin Rochelle, who said that he appreciated the light rail lines that have been built to-date, but the West Valley is totally without any light rail. He noted that promises for light rail had been made to West Valley residents 20 years ago, and in addition, the West Valley is growing at a faster rate than other parts of the region because they have a lot of land. Mr. Rochelle urged building a second high occupancy vehicle lane that is a toll road on Interstate 10 from Loop 101 to downtown Phoenix. He remarked that if people realized the benefits of toll roads in time, cost and smog savings, they would support having them. Chair Brady thanked Mr. Rochelle.

Chair Brady recognized public comment from Mr. John Rusinek, who said that he had spoken at the County Board of Supervisors meeting that morning. Mr. Rusinek read the county dust ordinance that applies to parking and driving on lots of more than 4,000 square feet that contain residential buildings and which stabilization method to use. He added that the state has the same ordinance. Mr. Rusinek stated that he spoke to the County Ombudsman who spoke to Phoenix staff, who reported they had given a variance to the owner of the driveway. He remarked that the Ombudsman did not want to discuss the issue with him any longer. Mr. Rusinek said that Section 39 addresses variances and it says that a city manager or designee may grant a minor variance if it causes a hardship. He said that there are four variances. Mr. Rusinek remarked that this variance next door is for a minor variance, but it is 100 percent wrong. Chair Brady thanked Mr. Rusinek.

Chair Brady recognized public comment from Ms. Dianne Barker, a resident of Phoenix, who stated that multimodal feels good. Ms. Barker stated that she attended the Maricopa County Board of Supervisors meeting with Mr. Vint and Mr. Rusinek and they were glad to see them at the

meeting. Ms. Barker stated that the Board meetings move along quickly, but one of the items was \$409,000 to replace air quality monitoring equipment. She said that the County has the authority to file a lawsuit to ensure compliance, and she added that she was not promoting litigation. Ms. Barker spoke about the Phoenix Story and Encanto neighborhoods that have been complaining to the FAA about airplane noise, but she noted that the airport was there before the neighborhood and any change needs to be for safety reasons. Ms. Barker noted that the citizens who came to the City to complain arrived in petrol-powered cars. She stated that Mr. Rochelle expresses support for light rail but she has never seen him ride light rail or a bus. Ms. Barker stated that the Urban Land Institute said that density is needed for light rail, but how many people living in those apartments or condos use transit. Ms. Barker stated that you cannot achieve density for a transit system by building parking garages. She added that the transit system needs an overhaul. Chair Brady thanked Ms. Barker.

Chair Brady recognized public comment from Mr. Pat Vint, who stated that he asked the Board of Supervisors for a report on its use of auditors. He stated that the City of Phoenix hires an auditor for four to five years. Mr. Vint questioned how can there be an unbiased result if the organization paying for the audit is the organization being audited. He stated that the City of Phoenix has a problem with its city managers. Frank Fairbanks increased his salary to \$300,000 and got David Cavazos the same amount. Mr. Vint stated that they both left after spiking their pensions to a half-million dollars, which the taxpayers are funding. He stated that he would like MAG to provide a report on its use of auditors. Mr. Vint stated that the problems at the City of Phoenix start at the top. Frank Fairbanks and David Cavazos are a disgrace and are double dipping. Chair Brady thanked Mr. Vint.

4. Executive Director's Report

Mr. Dennis Smith, MAG Executive Director, reported on items of interest to the MAG region. Mr. Smith stated that MAG has developed a new web viewer that focuses on elementary school achievement statewide called *Read on Arizona* sponsored by the Piper Charitable Trust. Mr. Smith stated that the viewer was demonstrated at Piper Charitable Trust on March 13, 2015. He noted that the viewer was created utilizing the tools MAG already has developed for transportation purposes. Mr. Smith explained that with the viewer, users can look at educational statistics down to the school level, and he added that MAG might be provided data for the pre-school level in the future that could be integrated into the viewer. Mr. Smith stated that the website will go active in a few weeks.

Mr. Smith stated that MAG is organizing a trade mission for economic development staff to Hermosillo and Guaymas, Sonora, Mexico on June 3-5, 2015. He noted that Alana Chavez Langdon, MAG staff, is the contact and he added that there is still time to register for the trip. Chair Brady thanked Mr. Smith for his report.

5. Approval of Consent Agenda

Chair Brady stated that agenda items #5A, #5B, #5C, #5D, and #5E were on the Consent Agenda.

Chair Brady recognized public comment from Ms. Barker, who stated that the minutes of the March 11 meeting were excellent. She expressed her disappointment that Mr. Ed Zuercher was unable to attend the meeting and she noted that Mr. Vint said that Mr. Zuercher was a scholar and a gentleman. Ms. Barker noted that Mr. Vint only wants what is best for the City. She stated that MAG says committee members cannot respond to citizen questions, but she did research and found that under Attorney General #199006 regarding calls to the public, committee members can ask for clarification, object to criticism, ask staff for further research, or put an item for action on the next agenda. Ms. Barker expressed appreciation for the explanation of Integrated Corridor Management on the Interstate 10 corridor. She expressed her support for alleviating traffic congestion resulting from accidents. Ms. Barker suggested that the Trip Reduction Program could be improved by adding enhancements that people want, such as WiFi. Chair Brady thanked Ms. Barker.

Chair Brady asked members if they had questions or requests to hear a presentation on any of the Consent Agenda items. None were noted.

Chair Brady called for a motion to recommend approval of Consent Agenda items #5A, #5B, #5C, #5D, and #5E.

Ms. Jeanne Blackman moved, Ms. Susan Daluddung seconded, and the motion passed unanimously.

5A. Approval of the March 11, 2015, Meeting Minutes

The MAG Management Committee, by consent, approved the March 11, 2015, meeting minutes.

5B. Amendment to the FY 2014 Travel Survey - Data Application On-Call

The MAG Management Committee, by consent, recommended approval to amend the FY 2015 MAG Unified Planning Work Program and Annual Budget and the On-Call Consulting Services for Travel Survey - Data Application project budget to conduct update and development of the MAG dynamic traffic simulations TransModeler model and purchase of the Transearch data for a total amount not to exceed \$260,000. Also, to recommend approval of the selection of Caliper Corporation to perform the MAG dynamic traffic simulation TransModeler model update and development for an amount not to exceed \$200,000 and to purchase Transearch freight data set from IHS Inc. for an amount not to exceed \$60,000. The fiscal year (FY) 2014 MAG Unified Planning Work Program and Annual Budget, approved by the MAG Regional Council in May 2013, includes \$4,500,000 for On-Call Consulting Services for Travel Survey - Data Application. The on-call consultant services, which include substantial household and establishment travel surveys, are being used to collect transportation data in accordance with modeling requirements, develop MAG transportation models and update the regional transportation forecast. Progress made on the development of the Interstate 10/Interstate 17 Corridor Master Plan identified a need to update and further develop the MAG TransModeler dynamic traffic simulation model with a total budget not to exceed \$200,000. Staff is recommending that Caliper Corporation be selected to update and enhance the MAG dynamic traffic simulation TransModeler model due to the

unique expertise and proprietary nature of the software. The other task is a joint purchase by MAG and ADOT of the TranSearch data set with the total purchase budget for the MAG portion of the data not to exceed \$60,000. The data will be used for MAG freight model development and for the freight planning studies. TranSearch data is available only from IHS Inc. The data provide information that is not readily available from other data sources.

5C. Amendment to the FY 2015 MAG Unified Planning Work Program and Annual Budget to Accept a \$200,000 Grant from the Federal Highway Administration for Integrated Corridor Management Deployment Planning

The MAG Management Committee, by consent, recommended approval of an amendment to the FY 2015 MAG Unified Planning Work Program and Annual Budget to add the \$200,000 grant from the Federal Highway Administration for Integrated Corridor Management Deployment Planning, and to use this funding to amend the on-call project budget for on-call consultant projects for executing tasks described in the grant proposal submitted by MAG. The Federal Highway Administration recently awarded a \$200,000 planning grant based on a proposal submitted by MAG. This grant will be applied to carry out essential tasks for developing a plan to implement Integrated Corridor Management (ICM) strategies that would result in efficient coordination of freeway and arterial traffic operations in the I-10 corridor. The Phoenix metropolitan region is one of 13 sites across the nation that have been selected to apply the knowledge gained through two national ICM demonstration projects carried out in San Diego, California, and Dallas, Texas. The grant will be applied specifically for executing state-of-the-practice planning tasks to develop effective ICM strategies for the I-10 corridor through the Phoenix metropolitan region. These tasks will be carried out through on-call consulting task orders. Key regional partners participating in this effort and responsible for implementing the resulting plan are: the Arizona Department of Transportation, the City of Chandler, the Department of Public Safety, Maricopa County, the City of Phoenix, the City of Tempe and Valley Metro.

5D. Amendment to the FY 2015 MAG Unified Planning Work Program to Amend the Contract for the Southeast Valley Transit System Study

The MAG Management Committee, by consent, recommended approval of the amendment to the FY 2015 MAG Unified Planning Work Program to amend the contract for the Southeast Valley Transit System Study with URS to include additional work and to increase the contract with contingency funding by \$15,766. In May 2013, the MAG Regional Council approved the MAG FY 2014 Unified Planning Work Program and Annual Budget, which included \$374,882.80 for the Southeast Valley Transit System Study. In October 2013, URS was selected as the consultant for the project. The intent of the study is to analyze transit services and ridership demand in transit-established and transit-aspiring communities within the Southeast Valley. A key outcome is to identify short-, mid-, and long-term recommendations to promote an integrated, demand driven, and performance-based transit system that connects the communities of the Southeast Valley and provides links to the existing and planned regional transit network. The member agency Southeast Valley Project Advisory Committee requested additional hours of work, estimated to require approximately \$15,766. It is requested that the consultant contract be

increased by \$15,766, from \$374,882.80 to \$390,648.80, to accommodate the additional work required to complete the Southeast Valley Transit System Study. The project is scheduled to be completed by June 2015.

5E. Status of Remaining MAG Approved PM-10 Certified Street Sweeper Projects That Have Not Requested Reimbursement

A status report was provided on the remaining PM-10 certified street sweeper projects that have received approval, but have not requested reimbursement. To address new Federal Highway Administration procedures to minimize inactive obligations and to assist MAG in reducing the amount of obligated federal funds carried forward in the MAG Unified Planning Work Program and Annual Budget, we requested that street sweeper projects for FY 2014 CMAQ funding be purchased and reimbursement requests be submitted to MAG by March 26, 2015. In addition, we are requesting that street sweeper projects approved for FY 2015 CMAQ funding on January 28 and February 25, 2015 be purchased and reimbursement requests be submitted to MAG by January 28, 2016 and February 26, 2016, respectively.

6. Possible Listing of the Sonoran Desert Tortoise Under the Endangered Species Act

Ms. Vanessa Hickman, Director of the Large Landowner Initiative at the W.P. Carey School of Business at Arizona State University (ASU), provided a report on the potential listing of the Sonoran Desert Tortoise as an endangered species. She said that in her duties at ASU, she works on issues that affect large landowners. Ms. Hickman was joined by Mark Stapp. Ms. Hickman stated that during the time she served as the Commissioner of the Arizona State Land Department, they were aware of the possibility that the Sonoran Desert Tortoise could be listed as an endangered species. She added that if the tortoise is listed as endangered, it would be the first time a species is listed in the Phoenix metropolitan area.

Ms. Hickman stated that the purpose of the Large Landowner Initiative at ASU is to advance research and collaboration among large groups and determine solutions to issues that affect large landowners and economic development efforts, and are of statewide importance.

Ms. Hickman stated that the reason the tortoise is important and ASU is focusing so much effort is the impact a listing can have on an area. She displayed a map of critical habitat designations in the lower 48 states. Ms. Hickman noted that one of the largest designations in the Western United States is 186 million acres for the Greater Sage Grouse. She said that the Greater Sage Grouse does not live in Arizona, but it was a frequent topic of discussion at meetings of the Western States Association of Land Commissioners due the impact of the listing on land use.

Ms. Hickman stated that the Lesser Prairie Chicken as an endangered species was a listing of great concern. She said that its current habitat is approximately 20 million acres and its historic habitat is estimated at 177 million acres.

Ms. Hickman stated that endangered species listings are greatly affecting the Western United States. She indicated that in 2011, there was a settlement between Fish and Wildlife Service and

groups that had filed numerous petitions. Ms. Hickman reported that out of that settlement, Fish and Wildlife must take action to list or not list more than 251 species in the Western United States by year 2017, and must evaluate another 500 species. Ms. Hickman indicated that approximately 35 species are under contemplation in Arizona, some of which are in rural areas not in the path of development and growth. She remarked that the tortoise is important because of its location and range in Maricopa and Pinal counties.

Ms. Hickman discussed the reason ASU is focusing on the Large Landowners Initiative and the Sonoran Desert Tortoise. She said that critical and proactive planning associated with the listing of the Sonoran Desert Tortoise is crucial to ensure decisions to address the listing are made in consultation with all stakeholders, to construct an agreement in advance so we are not faced with a listing that halts growth and development, and until a mechanism can be developed, habitat preserved, and development continues.

Ms. Hickman stated that the historical range of the Sonoran Desert Tortoise covers approximately 27 million acres of land in Arizona, of which approximately 4.5 million acres are private land and 4.5 million acres are state trust land. She noted that hundreds of thousands of acres of the Sonoran Desert Tortoise historical range lie in Arizona's critical metropolitan growth areas. Ms. Hickman stated that they have been approaching the listing determination in a systematic and proactive way to maximize asset value, community growth objectives and economic development potential, while meeting the legal requirements of the Fish and Wildlife Service and the objectives of natural resource management.

Ms. Hickman displayed a map of the land ownership within the range of the Sonoran Desert Tortoise. She said that in 2010, an evaluation of the Sonoran Desert Tortoise was requested through a petition to Fish and Wildlife Service, which determined that a listing was warranted but was precluded by higher obligations and needs of other species. Ms. Hickman stated that due to the lawsuit, there is now a deadline of September 2016. She indicated that an initial decision on whether the Sonoran Desert Tortoise warrants a listing or does not warrant a listing will be issued in September 2015.

Ms. Hickman stated that the following language was taken directly from the 2010 evaluation: 75 percent of potentially occupied Sonoran desert tortoise habitat occurs within 30 miles or less of a city or town with a human population of 1,000 or more. Considering future growth projections, it is likely that 100 percent of occupied tortoise habitat will be affected in the future. Pinal County (Gateway/Superstition Vistas, West Pinal, Red Rock, and Tri-Communities) falls completely within the range of the Sonoran Desert Tortoise. The loss of 176,000 acres constitutes a loss of 0.7 percent of Sonoran Desert Tortoise habitat in Arizona; range-wide, 0.34 percent. The Maricopa County Comprehensive Plan calls for growth areas to the south and east of Chandler and Mesa, Arizona, which are within the range of the Sonoran Desert Tortoise.

Ms. Hickman stated that stressors on the Sonoran Desert Tortoise include large scale urban development, renewable energy development, new or existing roads and highways, off-road vehicle use, and invasive plant species.

Ms. Hickman stated that they conducted a rough economic analysis for Superstition Vistas and found that the total economic impact of ongoing operations at build-out on the Arizona economy of this 275 square mile area is estimated at approximately 137,500 jobs, \$4.9 billion of household earnings, and a total output of \$16.3 billion. Ms. Hickman noted that the analysis showed that a mere ten percent reduction in buildable land area would result in a reduction of \$4 billion in total output and loss of 20,000 jobs. Ms. Hickman stated that many conservation plans call for greater set asides than ten percent, and can even be as high as 60 percent.

Ms. Hickman stated that the Sonoran Desert Tortoise likes washes and hillsides and she thought there were opportunities to allow development and growth to continue in those areas while allowing habitat and fragmentation issues to be mitigated.

Ms. Hickman stated that some implications include delays due to working with the federal government, increased costs of projects due to costly tortoise surveys, and the loss of developable land, which can reduce land values in affected areas.

Ms. Hickman stated that ASU and MAG were able to get data from the Fish and Wildlife Service and they are still analyzing the data. She displayed a map of areas in Maricopa and Pinal counties suitable to the habitat of the Sonoran Desert Tortoise.

Ms. Hickman then addressed the projected growth from 2014 to 2035 in the Sonoran Desert Tortoise habitat. She expressed her appreciation to MAG for assistance on the projections. She explained how the tortoise habitat could impact human population in Maricopa and Pinal counties and she added that the projections only included private land and the numbers would only increase when the state land is added.

Mr. Mark Stapp then continued the presentation. He said that historically, the Phoenix metropolitan area has never before had to deal with this type of federal regulation on developable lands. Mr. Stapp stated that impacts include the cost of compliance with federal regulations in terms of the studies that will need to be done, and the time expense to complete the federal review. He stated that a designation could raise the value of other land and thus limits affordability. Mr. Stapp stated that some jurisdictions have established mitigation banks and preserves.

Mr. Stapp stated that there are two choices: (1) Let Fish and Wildlife Service proceed with the listing, which could result in a profound economic impact to the area. (2) Be proactive and try to establish mechanisms that will preclude a listing or develop measures that establish certainty.

Ms. Hickman stated that their goal is to develop a proactive agreement with Fish and Wildlife Services in conjunction with industry leaders and local governments to determine the offsets and conservation measures needed to protect the tortoise habitat, ensure that industry understands what development will look like going forward, and if there will be any further requirements. Ms. Hickman stated that the challenge is that the tortoise habitat is located in areas of industry, and best management practices are needed for homebuilding, grazing, agriculture, mining, commercial development, etc. She added that her group will be working with the Fish and Wildlife Service

to ensure measures that industry can deal with and that prevent further fragmenting of the tortoise habitat.

Ms. Hickman stated that another benefit of a proactive agreement is that there will be no further regulatory actions. If there are measures in place in an agreement, you get regulatory certainty. Ms. Hickman added that an agreement also provides an Enhancement of Survival permit, which is a take permit. She explained that if there is a need to disturb a tortoise habitat, the permit authorizes you to do that within the guidelines established in the document. Without the permit, a landowner would need to negotiate its own agreement with Fish and Wildlife Service. Ms. Hickman stated that they hope to implement an opt-in agreement for landowners to understand what can be developed and set asides.

Chair Brady thanked Ms. Hickman and Mr. Stapp for their report. He asked the committee if they had questions.

Mr. Kevin Burke asked Ms. Hickman what she envisioned as next steps from members of the Management Committee, either individually or as a group.

Ms. Hickman replied that a MAG representative participating in meetings on the Sonoran Desert Tortoise would be beneficial to ensure MAG members stay involved and aware of discussion and direction.

Mr. Dennis Smith asked how an endangered species listing might impact freeway construction.

Ms. Hickman replied that there likely could be cost increases or alignment changes if the corridor passes through habitat. She added that she did not think a corridor could not be constructed, and she mentioned that ADOT is familiar with mitigating for other endangered species in other parts of the state. Ms. Hickman stated that it is a matter of addressing the habitat, and looking at mitigation measures to provide the offsets for the impact to tortoise habitat.

Mr. Stapp stated that public infrastructure projects are the most significantly impacted due to critical habitats or endangered species. He said that the goal is to avoid, but if you cannot, to mitigate, which results in cost issues. Mr. Stapp stated that the exact impacts of listing the Sonoran Desert Tortoise as an endangered species are unknown, but from his past experiences, are anticipated to be significant.

Mr. Stephen Cleveland requested that he and Ms. Hickman have a discussion soon because 80 percent of the City of Buckeye is within the Sonoran Desert Tortoise habitat. Ms. Hickman welcomed Buckeye's participation as this moves forward. Mr. Cleveland stated that there are 26 master plans with huge entitlements within the city's area and potentially 1.9 million residents. Ms. Hickman stated that the potential impact of a listing of the Sonoran Desert Tortoise would be felt by the state and some communities more than others. She indicated that this needs to be taken seriously and they will be working diligently to find a solution that lessens the pain to the greatest extent possible. Mr. Cleveland requested that the City of Buckeye be invited to the meetings.

Mr. Brian Dalke stated that the City of Goodyear is just finishing up the environmental impact statement with the Bureau of Land Management on the Sonoran Parkway and they would be interested in meeting with Ms. Hickman as soon as possible.

Ms. Hickman stated that steps forward include meetings with stakeholders and agencies to determine the impacts and find a solution workable for the community, reviewing and analyzing existing documents to identify opportunities and lessons learned. She said that the stakeholder meetings will begin to ramp up and they will be meeting more frequently in order to set an agreement using best management practices and identifying conservation areas and regional parks and trails system to demonstrate to Fish and Wildlife that fragmentation is not so great, and ways of precluding the listing entirely.

Mr. Cleveland asked if the presentation could be provided to members. Ms. Hickman replied yes.

Ms. Susan Daluddung expressed appreciation for the presentation. She stated that the City of Peoria was interested in participating in the meetings. Ms. Daluddung expressed that she believed that a West Valley or regional approach to the collaborative steps outlined by Ms. Hickman would be most beneficial.

Ms. Hickman stated that assembling all of the information on wildlife corridors or regional trail locations would demonstrate that the tortoise population could be stabilized through existing planning. Ms. Hickman stated that protections, such as hillside ordinances, could be built in so that responsible growth can continue.

Chair Brady thanked Ms. Hickman and Mr. Stapp for coming to the meeting.

7. Legislative Update

Nathan Pryor, MAG staff, provided an update on legislative issues of interest. He first discussed Senate Bill (SB) 1274, the ADOT Omnibus bill. Mr. Pryor noted that it contained a provision that would have transferred the staffing duties for the Citizens Transportation Oversight Committee (CTOC) to MAG from ADOT. Mr. Pryor stated that MAG had concerns about undermining the independent role of CTOC.

Mr. Pryor stated that Representative Coleman offered an amendment on the House floor to remove the provision. The amendment carried by a 37-11 vote, but ultimately, died as the legislature adjourned before it could be concurred in the Senate.

Mr. Pryor extended MAG's appreciation to Senator Worsley and Representative Coleman, cosponsors of SB 1274, for offering amendments to their bill, and to Representative Tony Rivero for supporting Representative Coleman's amendment on the House floor and effectively speaking to issues that this bill provision would have created. Mr. Pryor also extended appreciation to the MAG member agencies who worked to call attention to this issue and work with the legislature in getting this bill amended.

Mr. Pryor then discussed House Bill (HB) 2617, the counties, municipalities, budgets bill. He said that a bill amendment was introduced and approved in the final week of the legislative session that shifted some of the funding for the Department of Revenue to MAG and the Pima Association of Governments (PAG). He noted that if enacted, HB 2617 will transfer approximately \$2.52 million of MAG's Proposition 400 funds annually to the Department of Revenue. Mr. Pryor noted that the PAG portion from its 2006 voter approved half cent sales tax is approximately \$500,000. He said that staff believes that this is a proposed annual amount that will result in transfers of approximately \$27 million to the Department of Revenue for the balance of the Proposition 400 program. Mr. Pryor stated that the bill has been transmitted to the Governor for signature. He said they are currently working with legal staff on potential options to remedy this and will continue to provide updates.

Mr. Smith noted that MAG is preparing a letter requesting that the Governor veto HB 2617. He noted that there is a constitutional provision regarding diverting resources from a referendum. Mr. Smith added that MAG is working on this effort with PAG and Associated General Contractors.

Ms. Eileen Yazzie, MAG staff, continued the report with an update on an opportunity for the seventh round of Transportation Investment Generating Economic Recovery (TIGER) discretionary grant funding. She indicated that a memorandum regarding the TIGER grant was at each place and she would be emailing both it and an application form to the Management Committee, Transportation Review Committee and Intergovernmental Representatives following the Management Committee meeting.

Ms. Yazzie pointed out that this round of the TIGER grant includes a requirement for a pre-application by May 4, 2015, which is less than one month away. She requested that projects be submitted to MAG for discussion at the April 22, 2015, MAG Regional Council meeting.

Ms. Yazzie stated that a total of \$500 million is available through a multimodal, merit-based competitive grant program. She noted that there is a set aside of \$100 million for rural areas, which leaves \$400 million dedicated for projects in urban areas.

Ms. Yazzie noted that the minimum total project cost must be \$12.5 million to meet match requirements and must have a minimum 20 percent local match to the federal 80 percent funding. However, in the past, the U. S. Department of Transportation suggested that a 35 - 60 percent local cost share could make an application more competitive. Ms. Yazzie also pointed out that matching funds provided by an applicant will not be considered as matching funds if the source of those funds is ultimately a federal program.

Ms. Yazzie stated that projects submitted to compete for TIGER funding will be evaluated on how well they meet the five primary selection criteria: state of good repair, safety, economic competitiveness, quality of life, and environmental sustainability; and the two secondary selection criteria: innovation and partnership.

Ms. Yazzie stated that she just attended a webinar on the TIGER grant where they stressed meeting ladders of opportunity to improve a project's competitiveness: increase connectivity to

employment, education, services and other opportunities, support workforce development, or contribute to community revitalization, particularly for disadvantaged groups (low income, persons with visible and hidden disabilities, elderly individuals, and minority persons and populations). Ms. Yazzie stated that at the webinar, they emphasized projects being transformative and different from other projects to improve their competitiveness.

Ms. Yazzie stated that the MAG Regional Council supported one project in each of the past two years: the Tempe Streetcar project in 2013 and the City of Phoenix South Central Avenue multimodal construction grant in 2014. She noted that she would convey Management Committee comments to the Regional Council. It was noted that Valley Metro Regional Transit Advisory Group will be discussing transit projects at its meeting on April 15, 2015. Ms. Yazzie stated that MAG and Valley Metro projects will be brought to the Regional Council.

No questions from the Committee were noted.

8. Status Update on the June 30, 2014 Single Audit and Management Letter Comments, MAG's Comprehensive Annual Financial Report and OMB Circular A-133 Reports (i.e., "Single Audit") for the Fiscal Year Ended June 30, 2014

Ms. Becky Kimbrough, MAG staff, reported that the accounting firm of CliftonLarsonAllen LLP has completed the audit of MAG's Comprehensive Annual Financial Report (CAFR) and Single Audit for the fiscal year ended June 30, 2014. She stated that an unmodified audit opinion was issued on March 18, 2015, on the financial audit and on the Single Audit.

Ms. Kimbrough noted that the independent auditors reported a material weakness over internal controls for financial reporting due to the implementation of the new accounting system and the inability to reconcile accounts payable and retainage payable in a timely manner. Ms. Kimbrough stated that a significant deficiency was identified not considered to be a material weakness for internal controls over major programs due to a change in federal compliance requiring DUNS numbers from subrecipients. Ms. Kimbrough noted that both of these items have been addressed by MAG in order to resolve these issues.

Ms. Kimbrough reported that MAG has experienced accounting and training issues with the software company, Tyler Technologies, chosen after a 2012 request for proposals process. She stated that the software includes Microsoft and Axium software. Ms. Kimbrough noted that MAG staff is still trying to work out issues with the conversion.

Chair Brady thanked Ms. Kimbrough for her report and asked members if they had questions.

Mr. Cleveland remarked that this was a timely agenda item in regard to the citizen comments made earlier in the meeting. He volunteered to provide the citizen with his copy of the CAFR that includes comments by the auditor. Mr. Cleveland noted that appropriate steps were being taken to address issues.

Ms. Kimbrough stated that the recommendations of the independent audit are based on what the auditors believe, not what MAG wants because MAG pays them. She added that the auditor's recommendations and findings are guided by the Code of Ethics.

Chair Brady noted that MAG also needs to present its audit to the federal government due to MAG receiving federal funds. Ms. Kimbrough replied that was correct and MAG is subject to the Single Audit.

Mr. John Kross moved to recommend acceptance of the audit opinion issued on the MAG Comprehensive Annual Financial Report and Single Audit Report for the year ended June 30, 2014. Mr. Bob Wingenroth seconded, and the motion passed unanimously.

9. Discussion of the Development of the FY 2016 MAG Unified Planning Work Program and Annual Budget

Ms. Kimbrough reported on the development of the MAG Unified Planning Work Program and Annual Budget, which is presented to MAG committees beginning in January each year. She stated that the grant for \$200,000 from the Federal Highway Administration for Integrated Corridor Management Deployment Planning will be added to the Work Program and Annual Budget. Ms. Kimbrough stated that the FY 2016 budget is \$2.2 million less than the FY 2015 budget.

Ms. Kimbrough noted that MAG is requesting two staff positions for FY 2016. One of the positions is an Assistant Director. In discussion with the Executive Committee it was indicated that due to the size and responsibility of the MAG organization, an Assistant Director position be added to the FY 2016 MAG Unified Planning Work Program and Annual Budget. Ms. Kimbrough stated that the other position is a Management Analyst I. This position is needed to assist with work in the Administration Division to provide support for the MAG Economic Development program, including international programs. The position would also assist Human Resources at MAG, which has grown over the past five years. Currently, one staff is supporting all of the Human Resources needs at MAG.

Ms. Kimbrough stated that MAG is proposing a three percent salary increase for FY 2016 budgeted salaries. She indicated that the number was derived from the World at Work and the Hay Group independent studies. Ms. Kimbrough stated that any increases to individual MAG salaries would be performance based. She explained that MAG does not have a merit step system and the annual performance evaluation each June is the only salary increase in place for MAG staff.

Ms. Kimbrough stated that the draft FY 2016 MAG Unified Planning Work Program and Annual Budget was presented to MAG's federal transportation partners (Federal Highway Administration and the Federal Transit Administration) at the Intermodal Planning Group meeting on March 17, 2015. She noted that positive comments were received on the Work Program and MAG staff was happy with the review.

Chair Brady thanked Ms. Kimbrough for her report. No questions from the committee were noted.

12. 2015 Special Census

This agenda item was taken out of order.

Mr. Anubhav Bagley provided a report on mid-decade census in the MAG region. Mr. Bagley stated that state-shared revenue for incorporated cities and towns is distributed according to decennial census numbers, which makes the count extremely important. He explained how state law provides that cities and towns may conduct a mid-decade census, which could change the state-shared revenue distribution.

Mr. Bagley stated that historically, a mid-decade census has been conducted in the MAG region: in 1985 and 1995, and a survey in 2005. He added that during those times, the growth rates in the MAG region were much higher than the state average. Mr. Bagley stated that having a higher growth rate in the state is one of the factors to consider when deciding to participate in a mid-decade census. He noted that at the time of the 2010 Census, the state was still feeling the effects of the economic downturn and construction and the housing markets were still recovering. Mr. Bagley stated that on average, approximately 40,000 housing units were completed in Maricopa County annually for the years 2000-2005, however, for the entire period of 2010 through July 1, 2014, only about 41,000 housing units have been completed in Maricopa County. He also noted that there was a much higher residential vacancy rate in 2010, about double the usual rate.

Mr. Bagley stated that emerging from the downturn, some jurisdictions have had a higher growth rate than the state average, while others have not. He noted that the growth rate for the MAG region since 2010 is approximately 5.21 percent, compared to approximately 4.68 percent for the state. Mr. Bagley stated that the growth rate was much higher prior to the economic downturn.

Mr. Bagley stated that since 2011, the MAG Population Technical Advisory Committee (POPTAC) has discussed a number of times the practicality of conducting a mid-decade census due to the economic situation and lower growth rate. He noted that there are eight jurisdictions that have recovered sufficiently and are conducting a 2015 special census. Mr. Bagley noted that this means there will be share differentials in state shared revenue.

Mr. Bagley stated that there are two elements to consider. 1) The differential between state shared revenue; 2) Is the entire fund growing. He noted that state shared revenue is composed of revenue from the Highway User Revenue Fund, vehicle license tax, sales tax, and income tax. Mr. Bagley noted that the total amount, as well as the shares, could increase.

Mr. Smith stated that there is a lot of emotion on this issue. He emphasized that the process at MAG has been discussed in a very transparent manner, such as at meetings of the POPTAC and Intergovernmental Representatives. Mr. Smith stated that there is a provision in state law to conduct a special census and cities and towns have every right to make a decision that is best for their jurisdiction. He stated that the Town of Gilbert has been very proactive. Mr. Smith explained that last year, Gilbert promoted using state estimates due to concerns over the cost of

a special census, however, their efforts, which went all the way to the League of Arizona Cities and Towns, were unsuccessful. Mr. Smith stated that Gilbert is growing fast and wants to accommodate the infrastructure needs of its residents by conducting a special census. He said that other cities have noticed the impact and are concerned. Mr. Smith stated that some of the larger cities say it is bad public policy.

Mr. Smith stated that MAG is in the middle and has discussed the situation with the League. Mr. Smith stated that it is a statewide issue and MAG requested the League assemble a working group to discuss. He stated that the timing is bad because currently, cities are signing contracts, sending checks and working with the Census Bureau to get enumerators. Mr. Smith stated that he has been asked his position. He said that his position is harmony among the MAG member agencies and he added that the smartest people in the state are sitting around this table and should be able to find a solution. Mr. Smith also noted that he felt those pursuing a special census had every right to proceed.

Mr. Thomas Remes stated that he was at the meeting on behalf of Mr. Ed Zuercher, who was attending Mayor Greg Stanton's State of the City address, but requested that Mr. Remes convey Mr. Zuercher's points. Mr. Remes stated that there is concern with being somewhat stuck in a conundrum. He said that Mr. Zuercher is concerned that the way the state population estimates are put together do not work and does not have confidence in the validity of the inputs or outputs. Mr. Remes stated that the City of Phoenix suggests assembling a statewide working group to improve the process to get valid population estimates to use in making decisions. Mr. Remes stated that the special census is allowed under state law and he emphasized that the City of Phoenix is not suggesting that any agency is doing anything underhanded and it realizes they are making decisions based on the best interests of their residents. He expressed Phoenix's concern is getting into the double digits and when more than a couple of cities conduct a special census it skews the entire statewide number used for revenue sharing, especially in Maricopa County. Mr. Remes stated that Phoenix is now considering conducting a special census and has been in discussions with the Census Bureau. He remarked that if Phoenix joins the cities already planning to conduct a special census, it will gain approximately \$3 million per year, but that will be at the expense of the other 91 cities and towns in the state that do not conduct a special census. Mr. Remes stated that by not conducting a special census, the City of Phoenix stands to lose \$8 million per year. In looking out for the best interests of its residents, Phoenix also wants to come up with a good methodology. Mr. Remes expressed support that the League assemble a working group of city and town managers from across the state.

Mr. Patrick Banger expressed that the Town of Gilbert would be supportive of any effort for a solution that allows for a population count for all cities and towns in Arizona, preferably one that does not cost them anything. He noted that it is not Gilbert's intent to unjustly enrich its community beyond what the population numbers would provide. Mr. Banger stated that the way the current system is set up for a mid-decade census creates this situation. He said that the numbers are not too far off – the demographer's estimate was only .5 percent off from the 2005 mid-decade census estimate. He thought it might be helpful to drill down into that number. Mr. Banger expressed his agreement that there are more than enough of the right people to figure this

out, and his only request is that those who have already expended funds be made whole as part of the solution.

Chair Brady stated that he had spoken with the League, which agreed to take this on as a statewide initiative and has agreed to assemble a statewide working group. He said that we need to recognize there are high growth cities that need their population adjusted so they can meet the needs of their residents. Chair Brady stated that the challenge is alternatives for updating their population numbers. He asked Mr. Bagley of the cost for a mid-decade census in the MAG region.

Mr. Bagley replied that the cost is estimated at \$65 million to \$70 million for the MAG region alone.

Chair Brady remarked that there must be a better solution than spending \$65 million. He stated that a cost/benefit analysis shows it makes sense for some cities and towns to conduct a mid-decade census and he thought there needed to be a no harm rule and they would not be out the funds they expended. Chair Brady stated that this is a statewide issue and a fix needs to be in place by March 2016 when the Department of Revenue needs the numbers. Chair Brady stated that high growth jurisdictions are being impacted every year as they try to absorb growth. He suggested that there could be other methodologies or approaches in dealing with estimates more frequently than every ten years.

Ms. Susan Daluddung stated that Peoria is a high growth city with high vacancy rates. She indicated that, as responsible managers, the City of Peoria had no choice but to go forward with a mid-decade census to meet the needs of its residents. Ms. Daluddung stated that Peoria has signed a contract with the Census Bureau, spent a large amount of money, and gotten the commitment of its residents. She said that the Census Bureau's deadline to make the decision to proceed with a mid-decade census was March 26, 2015. Ms. Daluddung stated that mileposts or timeframes are needed if this is going to move forward on two fronts: the mid-decade census and the League statewide working group. She added that she thought discussion was positive, but was concerned about reaching an agreement by this time next month.

Mr. Brian Dalke stated that the City of Goodyear is a fast growing community and they decided last fall based on their 15 percent growth rate over the past few years that they had two options: stay with the 2010 Census numbers or proceed with a mid-decade census according to state law. Mr. Dalke commented that for the City of Goodyear, it was a good decision to conduct a mid-decade census. He stated that state shared revenue is based on population. The City of Goodyear met the census deadline of March 26, wrote a check, and everything is in quick motion. Mr. Dalke expressed Goodyear's interest in participating in the statewide working group to discuss options, but they realize they have no other option but to continue with the mid-decade census. He noted that being regional partners is positive, but he requested understanding because a fast growing city is limited in its alternatives and chose the option that was best for them. Mr. Dalke stated that over time, cities might benefit or lose depending on a census count. There have been a lot of changes in the economy that have changed dynamics. Mr. Dalke stated that as long as something

can be done that is consistent with state statute or recognized by the Census Bureau, the City of Goodyear would be entirely supportive.

Mr. John Kross stated that the growth rate for Queen Creek is approximately 20 percent. He indicated that two-thirds of the community is yet to be built. Mr. Kross expressed his concern for stopping the process now to conduct a mid-decade census, but did embrace a more statewide, regional approach to a solution, which he understood would require changes to state statute. Mr. Kross indicated that he was not sure if this would involve a special session since the Legislature has already adjourned. He stated that the Queen Creek mid-decade census is well under way – the contract with the Census Bureau has been signed, funds expended, and they are looking at office space. Mr. Kross expressed that he would like to be involved in the statewide working group process.

Dr. Spencer Isom referenced the notation that suggests if a city's mid-decade number is below its 2010 number, a jurisdiction could choose to use its 2010 number. He asked for clarification if this was correct. Mr. Bagley replied yes, even if a jurisdiction loses population, it could choose to use its decennial census number. Mr. Bagley stated that there is one additional piece: statewide a jurisdiction that is less than 1,500 in population for urban-shared revenue goes to 1,500.

Dr. Isom commented that everything the cities are doing is lawful, but if there are unforeseen impacts to other communities that MAG as a regional organization ought to be willing to meet. Dr. Isom stated that what he heard is that there is a time constraint and he suggested that this be communicated to the League that the working group needs to hold its meetings soon.

Mr. Stephen Cleveland reported that the City of Buckeye will also be conducting a mid-decade census and has already submitted its first payment. He expressed support for finding a long-term solution. Mr. Cleveland stated that one of the considerations of the Buckeye City Council was the mid-decade census could provide funds for salary increases because there had been three salary cuts. He added that this would help with employee retention. Mr. Cleveland stated that everyone has different reasons, but all are noble. He added that we need to work with the League on this quickly.

Mr. Bob Wingenroth asked for clarification that the next steps included looking for a solution quickly and to make whole those cities that have made financial commitments.

Chair Brady stated that the League would be assembling a statewide group quickly to find a solution. Regardless, any alternative would require some type of legislative fix. Chair Brady stated that in some cases, a cost-benefit analysis showed that it made sense for a city or town to expend funds to conduct a mid-decade census and no one would blame a city for going forward with its mid-decade census. Chair Brady noted that the difficulty arises in other cities, when to just maintain its position in state shared revenue, they would need to expend a significant amount of money. Chair Brady stated that from a public perspective, the region spending \$65 million on a mid-decade census when we might be able to spend a fraction of that to arrive at an estimate that everyone could use. He envisioned making whole cities that had already paid. Chair Brady expressed there is great concern and large cities are now considering conducting a mid-decade

census. He remarked that conversations are needed on this by next week and he added that responsibility for discussing this issue has been taken on by the League.

Mr. Wingenroth expressed that he thought this was a great approach.

Ms. Marsha Reed stated that the City of Chandler has opted to participate in the special census and would like to participate in the League working group discussion. She noted that time is of the essence, and a number of cities have already cut checks due to the March 26 deadline. Ms. Reed expressed appreciation for the opportunity to participate in the working group and the intent to make cities whole.

Mr. Smith stated that the mid-decade process has been broken for a long time. He indicated that there is a lack of trust in the DES population estimates and cities and towns conducted a mid-decade in 1985, 1995, and 2005. Mr. Smith requested that Mr. Bagley explain the data element that is so problematic.

Mr. Bagley explained that the annual state population estimates are produced at two levels: (1) With the state demographer's office and technical solutions for state and county levels. (2) for subcounty numbers, they use housing unit completions.

Mr. Bagley stated that they have a good handle on housing unit completions, but not the number of persons per household, which generally do not change much. Mr. Bagley stated that another area of concern is the vacancy rate, which fluctuates. He indicated that we do not have a good handle on whether a housing unit is vacant, or if it is occupied, if it is occupied seasonally. Mr. Bagley stated that the county level method feeds into the sub county level and creates a control total. He said that the pieces include school enrollment, Medicare, birth and death records, and drivers' licenses (which has been an unreliable source). Mr. Bagley stated that the best solution for population estimates seems to be electric utilities' data, not water data. He explained that electric usage can show full-time usage versus low usage per account, which can help in determining seasonal occupation.

Mr. Smith stated that the cities would need to work through the League that would need to work through the utilities.

Mr. Gregory Rose stated that the City of Maricopa is participating in the special census. He remarked that even if it is not successful in reaching a solution for those cities pursuing a special census, the discussion is still worthwhile. Mr. Rose remarked that a system that reduces or eliminates competition in revenue distribution is needed and it will take a statewide effort to achieve this.

Chair Brady stated that going forward, the discussions will be happening quickly. What we all have to work toward is a solution. For those who are contemplating participating in a mid-decade if there appears to be support for an alternative approach might result in not conducting a special census. Chair Brady noted that there is a 30-day window to make a decision. He noted that cities will be contacted by the League shortly.

10. Request for Future Agenda Items

Topics or issues of interest that the Management Committee would like to have considered for discussion at a future meeting were requested.

No requests were noted.

11. Comments from the Committee

An opportunity was provided for Management Committee members to present a brief summary of current events. The Management Committee is not allowed to propose, discuss, deliberate or take action at the meeting on any matter in the summary, unless the specific matter is properly noticed for legal action.

No comments were noted.

Adjournment

There being no further business, the meeting was adjourned at 1:45 p.m.

Chair

Secretary